

The Corporate Real Estate Letter

by Frank Fudem | January 2010

Frank Fudem

Senior Vice President/Partner
Corporate Real Estate Services
BT Commercial

415-677-0455
ffudem@naibt.com

2009 Recap: San Francisco office vacancy increased to 15.6% in Q4, chiefly because occupancy shrank by 170,000 sf in the quarter. Net absorption was negative 1.9MM sf for the year.

Net Absorption, the change in amount of space occupied from one time period to the next, is a proxy for job growth. That is why real estate is so fascinating: net absorption is an indicator of what is happening to our job base, and consequently to our economic base. It is important, and frankly alarming, to note that 9 Million *Fewer* Feet are occupied today than ten years ago.

Changes in vacancy and net absorption for the quarter, year, and decade since Y2K:	TIME PERIOD		
	Quarter	Year	Decade
	10/1/09 - 12/31/09	1/1/09 - 12/31/09	1/1/00 - 12/31/09
OFFICE VACANCY			
Vacancy Rate At Start of Period:	15.3%	13.1%	3.6%
Vacancy Rate At End of Period:	15.6%	15.6%	15.6%
Net Change During Period:	+3%	+2.5%	+12.0%
NET ABSORPTION			
SF Occupied At Start of Period:	71,101,862	72,831,513	80,252,228
SF Occupied At End of Period:	70,831,839	70,931,834	70,931,839
Net Absorption During Period:	-170,023	-1,899,674	-9,320,389

People often approach me to commiserate about the real estate market and to offer hope that “the market will improve” in 2010. The market is truly terrible... for landlords. However I represent tenants exclusively, and this is a great market for my clients! Present conditions provide a once-a-decade opportunity to lock in extraordinarily favorable terms. I strongly recommend that tenants take fullest possible advantage of this opportunity.

The wish for the market to improve is really the hope that job growth and the economy will improve, and I know that you, as well as I, share that hope for the coming year.

With all good wishes for a healthy, prosperous 2010,

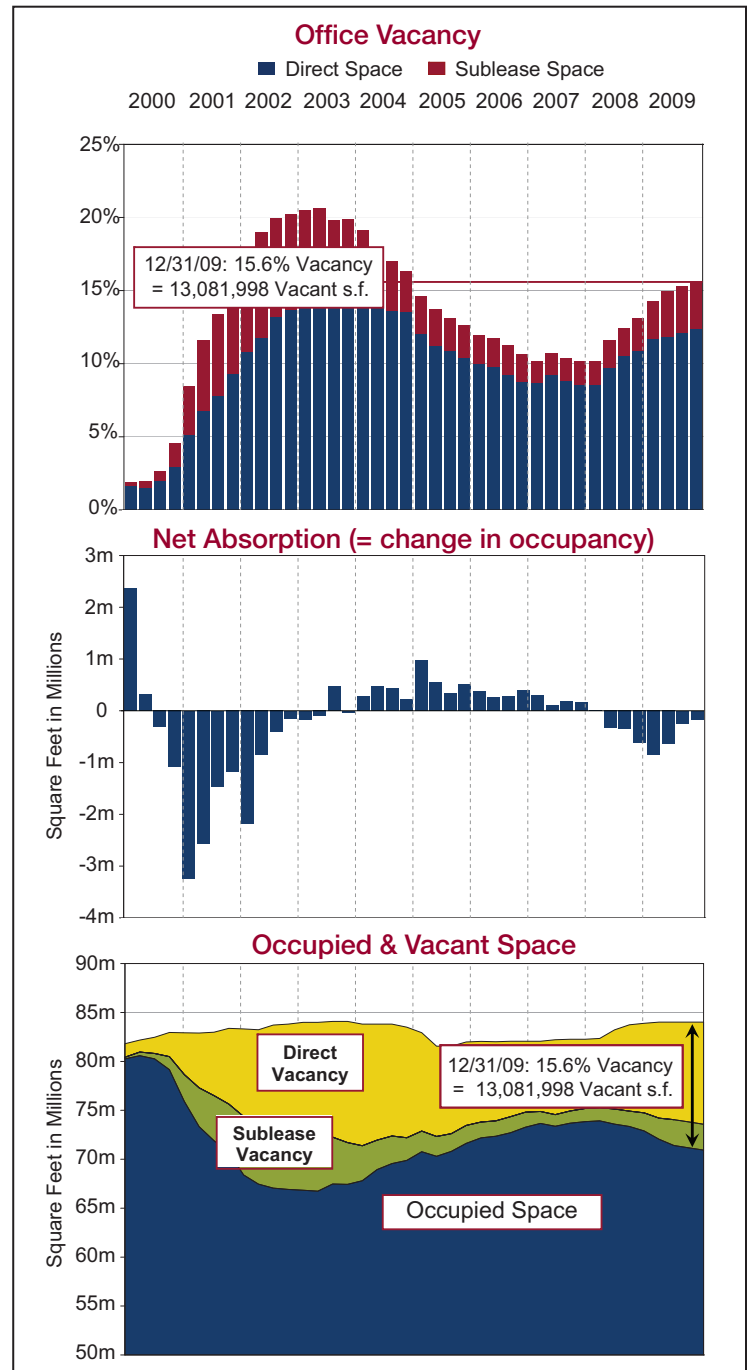



Let me increase your firm's success!

Frank Fudem

Senior Vice President/Partner
BT Commercial
201 California Street, Suite 800
San Francisco, CA 94111
415-677-0455
ffudem@naibt.com
Lic # 00879077

The Decade Since Y2K:



About The Author:

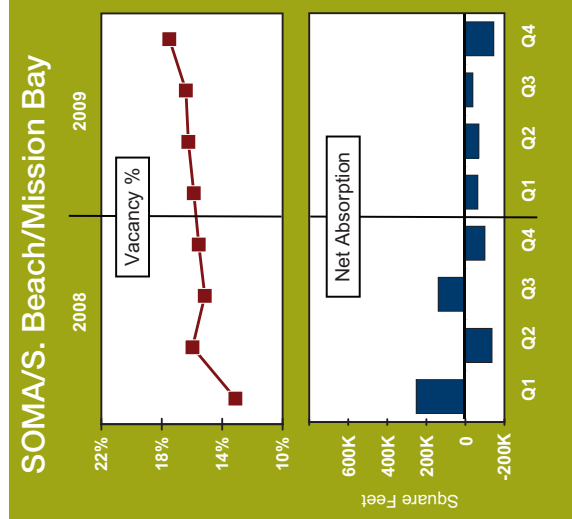
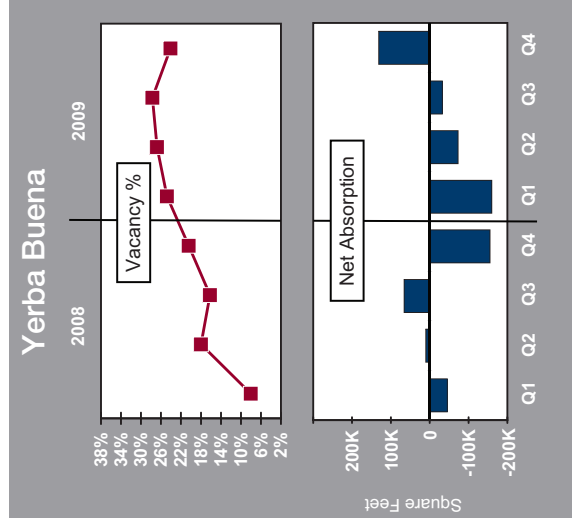
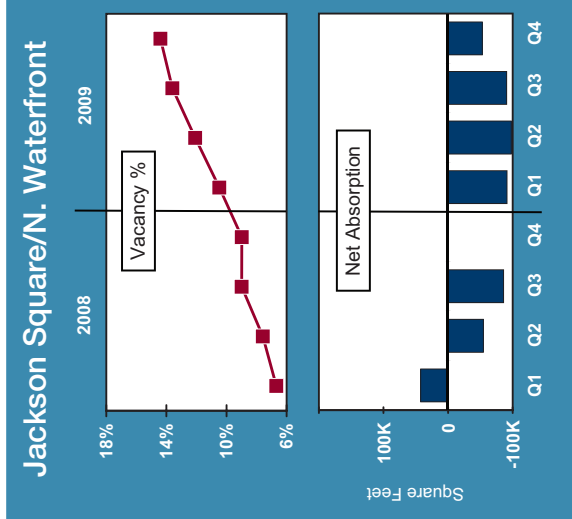
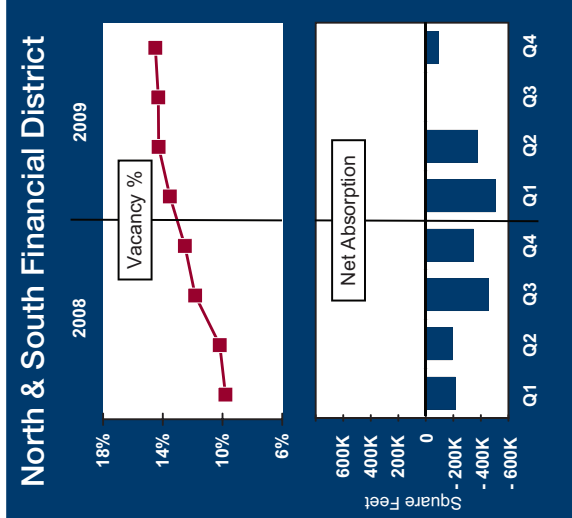
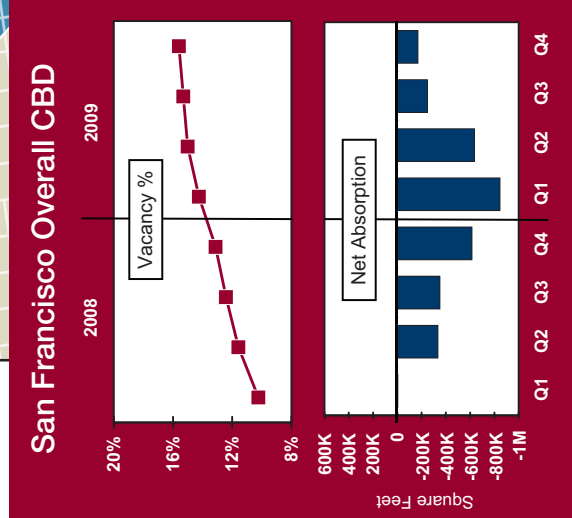
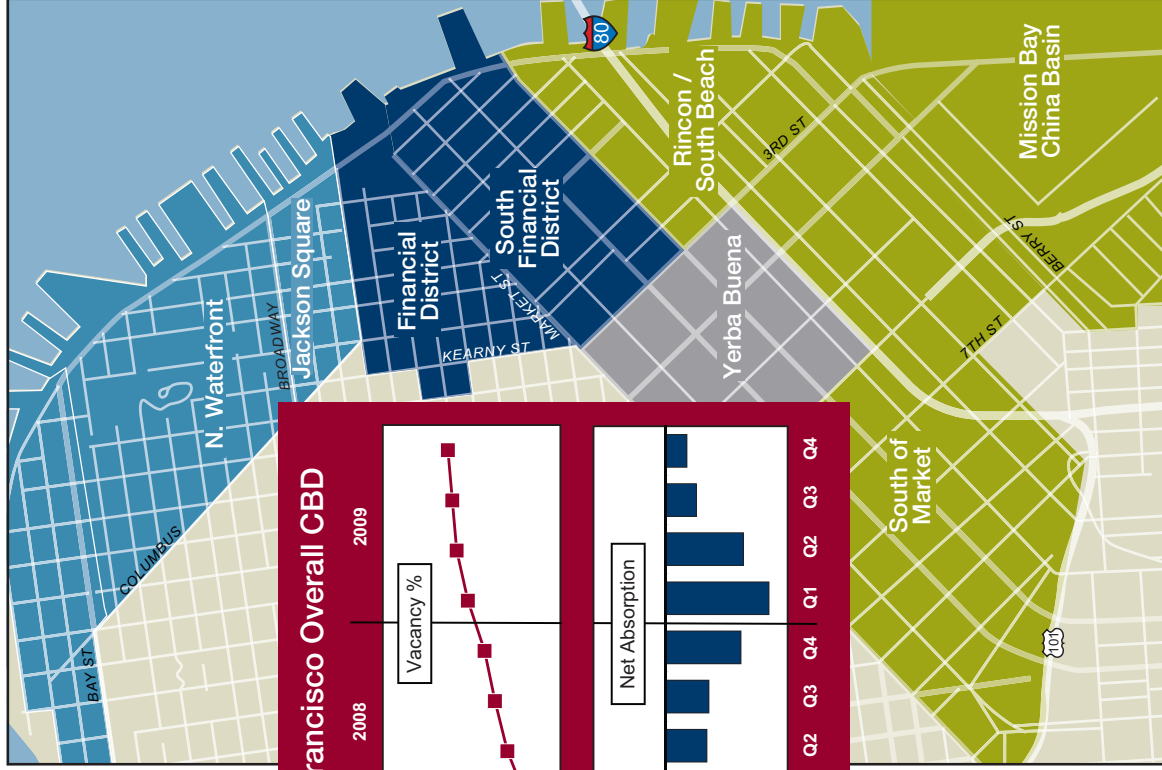
Frank Fudem:

- Top Tenant Broker in San Francisco Office Market
- Completed more successful transactions on behalf of San Francisco office tenants than any other broker
- Tenant Representation Exclusively: no landlord listings or allegiances
- Emphasis on Long Term Commercial Relationships: Repeat Clients and Referrals comprise 70% of Practice

Vacancy and Net Absorption by Submarket

Net Absorption = Change in Occupancy

Frank Fudem
Senior Vice President
Corporate Real Estate Services
BT Commercial
415-677-0455
ffudem@naibt.com



Effective March 1: NAI BT will become Cassidy Turley BT

Frank Fudem represents corporate tenants in office space transactions. When you foresee a real estate need please contact:

Frank Fudem

Senior Vice President
BT Commercial

201 California Street, Suite 800
San Francisco, CA 94111
415-677-0455 | Lic # 00879077
ffudem@naibt.com